

## Message Text

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46

ACTION EB-07

INFO OCT-01 ISO-00 IO-10 AF-06 ARA-06 EA-06 EUR-12 NEA-09

OIC-02 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 FEAE-00 OMB-01 /127 W

----- 049575

R 141040Z MAR 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 17

WHITE HOUSE WASHDC

INFO USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

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WHITE HOUSE FOR SEIDMAN

PASS STR FOR GUENTHER

E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: MTN: SCOPE AND TIMING

1. AT A WIDE-RANGING INFORMAL DISCUSSION TODAY, WITH AMBASSADOR RODNEY GREY OF CANADA, AMBASSADOR TSURUMI OF JAPAN, COUNSELLOR LACEY OF U.K. DELEGATION AND DEPUTY ASST. SECRETARY FOX OF U.S. COMMERCE DEPT., A NUMBER OF POSSIBLY SIGNIFICANT POINTS WERE DEVELOPED RESPECTING THE SCOPE AND TIMING OF THE MTN NEGOTIATIONS.

2. GREY INDICATED THAT CANADA HOPED FOR SUBSTANTIAL  
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PROGRESS IMMEDIATELY, BY WHICH HE MEANT WITHIN 1975, AND

A WIND-UP OF THE SUBSTANTIVE ASPECTS OF THE NEGOTIATIONS BY MID-1977. HE EXPRESSED THE VIEW THAT A FIRST PACKAGE IN 1975 WAS POSSIBLE CONTAINING A NUMBER OF ITEMS OF PARTICULAR INTEREST TO THE LDC'S, PARTICULARLY TROPICAL PRODUCTS, AND THAT THE LDC INTEREST IN RAPID PROGRESS COULD BE USED TO SPUR ALONG OTHER DELS, PARTICULARLY THE EC.

3. IN THE NTB AREA, GREY INDICATED THAT STANDARDS AND SUBSIDIES/COUNTERVAILING DUTIES WERE REPE FOR PROMPT ACTION. HE NOTED THAT COUNTERVAILING DUTY ACTIONS IN THE UNITED STATES WERE BECOMING SO FREQUENT AS TO SUGGEST THE POSSIBILITY THAT THE AMERICAN INDUSTRY WAS LOSING INTEREST IN THE ESCAPE CLAUSE IN FAVOR OF COUNTERVAILING DUTY AND ANTI-DUMPING ACTION. HE FELT THAT STABILITY OF TARIFF CONCESSIONS WAS BEING UNDERMINED ON A MAJOR SCALE BY SUCH PROCEDURES IN U.S. AND THAT THIS SUGGESTED NEED FOR EARLY ACTION ON INTERNATIONAL SAFEGUARD SYSTEM. I RESPONDED THAT PROBLEM WAS REALLY ONE OF SUBSIDIES (AND THAT CANADA HAD NO VALID COMPLAINT AGAINST U.S. CVD ACTIONS). THEREFORE, PRIORITY ACTION WAS REQUIRED ON SUBSIDIES CODE.

4. LACEY INDICATED THAT THE U.K. CERTAINLY WOULD NOT YIELD TO CURRENT INDUSTRY PRESSURES FOR IMPORT QUOTAS, AND THAT THIS WAS A TRANSITORY MATTER. IN INDICATING THAT U.K. INDUSTRY WAS LOOKING TO EXPORTS AS ITS MAJOR HOPE FOR THE FUTURE, HE INDICATED THAT THE U.K. TIMETABLE FOR THE NEGOTIATIONS WAS NECESSARILY FASTER THAN THAT OF OTHER MEMBERS OF THE COMMUNITY (READ FRANCE). LACEY STATED, HOWEVER, THAT U.S. PROCEDURAL RIGIDITIES RESPECTING AGRICULTURE POSED MAJOR THREAT TO SUCCESSFUL ACTION ON THE INDUSTRIAL FRONT. WITH PARTICULAR REFERENCE TO CURRENT ATMOSPHERE IN BRUSSELS, LACEY STRESSED THAT IT WAS VITAL THAT U.S. AND EC TRY TO AVOID PROCEDURAL ISSUE THAT COULD SERVE AS PRETEXT FOR EC INTRANSIGENCE ON AGRICULTURAL ISSUES TO STALL MTN AS WHOLE. WE NOTED THAT AGRICULTURAL QUESTION WAS NOT SOLELY ONE OF PROCEDURE AND WAS OF CENTRAL IMPORTANCE TO SUCCESSFUL OUTCOME OF MTN. RE NTGS HE INDICATED IN PRINCIPLE UK PREPARED TO MOVE RAPIDLY ON STANDARDS CODE BUT PROBLEM EXISTED WITH OTHER COMMUNITY MEMBERS. ON GOVERNMENT PROCUREMENT LACEY WAS CAUTIOUS BUT TOOK NOTE LIMITED OFFICIAL USE

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OF GREY'S COMMENT THAT POSSIBLY CONDITIONAL MTN APPROACH WAS ONLY WAS TO BRING LAGGARDS ALONG IN EFFORTS TO ESTABLISH GOVERNMENT PROCUREMENT CODE.

5. IN RESPONSE TO U.S. SUGGESTION THAT ACTION ON GOVERNMENT PROCUREMENT ESSENTIAL, GREY AND TSURUMI AGREED. GREY INDICATED THAT CANADIAN PROVINCES COULD NOT BE READILY CONSTRAINED BY GOVERNMENT PROCUREMENT CODE BUT

THAT HIGH PURCHASING POWER OF FEDERAL GOVERNMENTS OF CANADA AND U.S., WHERE SIMILAR PROBLEM WITH STATES PREVAILS, SHOULD BE TAKEN INTO ACCOUNT. THERE WAS FEELING THAT IF PROGRESS ON CODE OR GUIDELINES IN OECD CONTINUES SLOW, TRANSFER TO GATT NTM GROUP SHOULD BE CONSIDERED BY END OF YEAR.

6. TSURUMI, ALTHOUGH CAUTIOUS AND NONCOMMITAL ON MOST MATTERS, INDICATED THAT JAPAN FAVORED POSITIVE PROGRESS IN MTN AT EARLY STAGE IN ORDER TO REASSURE DOMESTIC INDUSTRY THAT FUTURE LAY IN TRADE LIBERALIZATION RATHER THAN IMPORT PROTECTION.

7. ALL THREE FOREIGN REPRESENTATIVES EXPRESSED CONCERN AT LACK OF U.S. LEADERSHIP, DELAY IN APPOINTING HEAD OF STR AND ABSENCE IN GENEVA OF EXPERIENCED TRADE NEGOTIATOR AS PERMANENT HEAD OF U.S. DEL. IN ADDITION, CONCERN WAS EXPRESSED THAT POSSIBLE U.S. COUNTERVAILING DUTY ACTION ON CHEESE WOULD BE MAJOR NEGATIVE NOTE IN MTN ROUGHLY COMPARABLE TO CHICKEN WAR AT THE BEGINNING OF THE KENNEDY ROUND.

8. COMMENT: INITIATIVE BY CANADA FOR RAPID PACE IN NEGOTIATIONS THOUGHT TO BE ESPECIALLY SIGNIFICANT, INASMUCH AS IN PAST CANADA HAS GENERALLY HELD BACK FOR PURPOSE OF OBTAINING A "FREE RIDE." PRESENTATION INTERESTING ALSO NOTABLY SINCE OPPORTUNITY FOR PRIOR CANADIAN STRATEGY IN PAST HAS BEEN OFFERED BY FRANCE WHICH HAS WANTED TO HOLD EVERYTHING BACK UNTIL THE FINAL DATE. JAPAN, IN PAST HAS FAVORED A RAPID PACE BUT MORE RECENTLY HAS BEEN SILENT. JAPANESE SUPPORT ESSENTIAL IF RAPID TIMETABLE IS TO OCCUR. IMPORTANCE OF EARLY SUCCESSES IN MTN OBVIOUS, PARTICULARLY WITH CONGRESS LIMITED OFFICIAL USE

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ON NTB PROCEDURE AND PRODUCER'S PRESSURES FOR PROTECTION IN MAJOR INDUSTRIAL COUNTRIES. WOLFF

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, DIPLOMATIC DISCUSSIONS, NEGOTIATIONS, TARIFFS, COUNTERVAILING DUTIES  
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